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Monday

April 16, 2007

TO : Lewis & Roca - Attention Scott Brown, Esq.
COPY TO : US Bankruptcy Court Trustee
Lender's Protector Group

REFERENCE : USA Commercial Mortgage
Huntsville - West Park Hills Joint Venture
Bankruptcy Case # 06-10725 - LBR

U.S. BANKRUPTCY COURT
PATRICIA GRAY LEMMON

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RECEIVED & FILED

In reference to your letter dated April 11, 2007

1) You state : " USACM Liquidating Trust primary focus is on maximizing recovery from USA Investment Partners and others on behalf of the creditors-beneficiaries ".

Lewis & Roca make a bogus claim they will maximize the recovery from USAIP. Anything they do will add to the already outrageous legal expenses. Lewis & Roca represents the Debtor, they will do nothing to benefit the Creditors.

The original " Pathetic miscarriage of Justice "
USACM's conspiracy to defraud its Lenders

The original Note, dated March 15 , 2004, had \$ 859,000 set aside in an interest payment reserve. But, the interest paid was a return of the Lender's capital.

The original interest reserve was depleted in 9 months. USACM increased the loan principle by \$ 250,000 ; to increase the interest reserve, Then, USACM wrote the 2nd Amendment dated December 06, 2004; increased the Note's principle by another \$ 750,000.

This is a classic example of a Ponzi Scheme. USACM used the new Lender's investment to pay the old Lender's interest.

USACM solicited additional new Lenders to provide the capital to pay the Borrower's interest. Of course, USACM's sales broker (Tom Stewart) made no mention of the interest payment default when I made my investment , December 08, 2004.

Records made available by Meserow, show the December 31, 2004 interest payment was not received from the Borrower. Exactly 23 days after I made my investment !!

Letter dated April 12, 2005 ; USACM (Joe Milanowski) asked the Lender's for a 1 year extension, to : " give them time to complete the development a sale of the property. " . It was a complete and total lie. He never mentioned the Borrower's default.

The second " Pathetic miscarriage of Justice "

The conspiracy to confiscate the Lender's assets

2) You state : " You are a secured creditor of the Borrower "

In my Objection to Lewis & Roca's Motion to Confiscate the Creditor's Assets, I provided copies of documents that proved my partial ownership of the Note, and I am a Beneficiary of the First Deed of Trust.

USACM sold all of its interest in the Note to the " Lenders " . See Exhibit " A " of both the Note and the 2nd Amendment. As such, the Lenders now own the Note, and the Lenders are entitled to any and all recovery of the Late fees, Default interest and Costs of collection.

Included in the Exhibit " A "	" Lenders " :	
Original Note :	USA Diversified Fund :	\$ 659,000
2nd Amendment :	USA First Trust Deed Fund	\$ 500,000
	USA Diversified Fund	<u>\$ 164,000</u>
		\$ 1,323,000

USACM sold its interest in the First Trust Deed Fund to Compass Partners, and the Diversified Fund has been spun off ; USACM Liquidating Trust has no absolutely no claim to the Late Fees, Default Interest or Cost of Collection.

3) You state : " assets recovered from the Borrowers are to be sent to the Lenders after servicing fees, default interest and other authorized deduction are made. "

Compass Partners purchased the right to service the USA First Trust Deed Fund. USA First Trust Deed Fund is a Creditor to the Borrower's estate. Compass Partners is limited to 5.0 % of any and all assets recovered by either negotiation or foreclosure.

Compass Partners has no right to confiscate any potential return to its fellow Creditors.

**The third " Pathetic miscarriage of Justice "
USACM Liquidating Trust**

I repeat ; USACM has no qualified management, nor employees. It has no business activity. And, it claims to have no assets. It has no reason to exist. It should be immediately liquidated and what ever assets it has should be returned to its Creditors.

The Creditors do not need, nor can they trust, Lewis & Roca to negotiate with the USAIP. To claim they will maximise the recovery is a gross overestimation of their ability.

Lewis & Roca are nothing more than over priced and glorified file clerks. A Court appointed Receiver can do the file clerk job at far less cost and much more benefit for the Creditors. They will perform no service that will benefit the Creditors.

Another useless layer of overlapping judicial fat.

The fourth " Pathetic miscarriage of Justice "

What if the Court approves the confiscation of the Creditors assets ?

If USACM Liquidating Trust and/or Compass Partners are permitted to confiscate the Lender's Late fees, Default interest and Cost of Collection, they will have no incentive to perform any beneficial services for the Lenders.

By merely procrastinating for another 2 years, the default interest will exceed the principle. Any future recovery will be called default interest and retained by Compass Partners.

There will be no principle available for the Lenders.

Conclusion :

This Motion to confiscate the Lender's assets is a blatant attempt to force the Creditors to pay Lewis & Roca's legal expenses.

The fifth " Pathetic miscarriage of Justice "

Return of stolen assets as so-called interest

Your final paragraph is an outright convolution of the facts . You state : " If you did not receive prepaid interest that was not a pass through from your Borrower.... "; and, " If you did receive unlawful transfers.... of Prepaid interest.... "

Huntsville - West Park Hills Joint Venture

The original prepaid interest (\$ 859,000) was a return of Lender's capital. When the \$ 859,000 was exhausted, USACM then increased the loan amount by \$ 200,000. When that was exhausted, USACM wrote the 2nd Amendment to raise an additional \$ 750,000 from new Lenders.

You are correct : it was unlawful ; it was a Ponzi scheme.

The Huntsville Lenders did not receive interest; it was a return of assets.

Diversified Fund

USACM raped the Diversified Fund for the benefit of UASIP; the owner/managers of both USACM and USAIP were identical.

Once again, you are again correct : stealing \$ 75,000,000 is unlawful.

In addition, when Sheraton Hotel - SLC was sold, the assets were not returned to the Diversified Fund. USACM used assets belonging to the Diversified Fund's Investors to pay so-called interest to the Diversified Fund Investors.

Once again you are correct : stealing \$ 6,500,000 is unlawful.

The Diversified Fund Investors are being forced to repay interest that was a partial return of stolen assets.